

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION

IN RE:	§	Chapter 11
	§	
SPHERATURE INVESTMENTS LLC	§	CASE NO. 20-42492
et al.	§	
	§	
	§	
	§	
SPHERATURE INVESTMENTS LLC,	§	
et al. d/b/a World Ventures Holdings, LLC ¹	§	
	§	
Plaintiffs,	§	
	§	
v.	§	Adversary No. 21-04058
	§	
KENNETH E. HEAD	§	
	§	
Defendant.	§	

DECLARATION OF BYRON SCHRAG

I declare under penalty of perjury that the following is true and correct:

1. “I, Byron Schrag, am over the age of 18 and competent to testify to the information below. All matters contained herein are of my own personal knowledge.

2. I am a former team leader for WORLDVENTURES Holdings (“WorldVentures”). I was one of the original sales representatives when WorldVentures was founded in 2005 and I am still an active subscriber on the WorldVentures database. I became a team leader and served on the President’s Advisory Council, which consists of the top team leaders (the top earning

¹ The “Debtors” in the above-described jointly administered Chapter 11 bankruptcy cases (“Cases”) are Spherature Investments LLC (“Spherature”) EIN#5471, Rovia, LLC (“Rovia”) EIN#7705, WorldVentures Marketing Holdings, LLC (“WORLDVENTURES Marketing Holdings”) EIN#3846, WorldVentures Marketplace, LLC (“WORLDVENTURES Marketplace”) EIN#6264, WorldVentures Marketing, LLC (“WORLDVENTURES Marketing”) EIN#3255, WorldVentures Services, LLC (“WORLDVENTURES Services”) EIN#2220.

representatives) across the United States and internationally. I am currently a Seacret sales representative, which is referred to as a Seacret Agent and a team leader.

3. WorldVentures began having financial problems in 2016 and 2017 and had experienced difficulty paying the team leaders over the past few years. In the past, we were able to work together to create strategies to deal with the WorldVentures's financial issues and get past them. However, in 2020, the financial problems after COVID-19 became much worse throughout the summer of 2020 as the slowdown with travel impacted sales at the company. Representatives were beginning to leave WorldVentures and the leaders were becoming concerned. By the fall of 2020, the company stopped paying commissions to all of the sale representatives—not just the leadership. As a result of the non-payment of commissions, sales representatives continued to leave WorldVentures for other opportunities. Many of the team leaders including myself were taking calls from representatives who had no money for their mortgages and car payments. In order to try to retain our downline, many of the team leaders, including myself, began to send money to our team members to help with personal expenses such as mortgages and car payments.

4. Throughout the summer and fall of 2020, the team leaders were watching an erosion of the field as representatives left for other jobs such as other network marketing companies and selling real estate. This erosion of the data base and the continuing worsening of the finances of WorldVentures caused me and the other team leaders to have great concern about the future of WorldVentures.

5. During the fall as conditions deteriorated, all of the team leaders were looking for options such as a move to other network marketing companies but they did not want to leave WorldVentures. Many had been at WorldVentures for a long time and the leaders liked the company and culture. At some point and as an interim solution to the problems, Wayne Nugent

(“**Nugent**”) and Kenneth “Eddie” Head (“**Head**”) put together a deal so that the representatives could start selling products of Seacret Direct, LLC. (“**Seacret**”) so that the representatives could start earning commission. As things became worse, I learned that WorldVentures was exploring a deeper relationship with Seacret, which made sense because the representatives were already selling its products.

6. These were desperate times. Not only were the leaders not getting paid but there was no hope of getting paid and even worse, the downline representatives were not getting paid. In general, in the multi-level marketing industry, in other companies in which the downline has not been paid, then the leaders had simply left the company. The situation with the unpaid downline representatives continued to worsen and representatives continued to leave. The team leaders were looking for a solution.

7. Nugent and Head started talking to the team leaders about a possibility of working at Seacret. In October and November of 2020, WorldVentures held multiple in person meetings with its own leadership in Dallas at different hotels to discuss how to put a deal together with Seacret. Generally, these meetings were attended by six to 10 of the team leaders, who were the most trusted, strongest leadership of WorldVentures with Nugent and Head and other international team leaders attending by phone. At some of the meetings, Michael Poates (“**Poates**”) participated in the meetings by phone. Izhak Benshabat (“**Ben Shabat**”) from Seacret participated in one of the early meetings as well. Many people from WorldVentures worked together to get the deal with Seacret done. Head attended all of these meetings but many people from WorldVentures were there participating and it was a team effort.

8. By late October, the team leaders were at a breaking point. By this time, the team leaders had flown to Dallas six or seven times from all over the country to attend in person

meetings and there was still no final decision on a proposed transaction with Seacret. The database continued to deteriorate as representatives kept leaving WorldVentures. Team leaders were receiving desperate calls from representatives who had not been paid in months. At a mid to late October meeting held at the Renaissance hotel in Frisco, Texas, the team leaders gave Nugent an ultimatum and basically told him that a decision had to be made that day about whether the Seacret transaction would go forward or not. The team leaders told Nugent that they could not wait any longer for a decision and that if WorldVentures was not going to do a transaction with Seacret, then the team leaders were prepared to leave WorldVentures. At that point, Nugent threw a chair at the wall. Head was also at this meeting, but his actions did not lead to Nugent throwing the chair and leaving the room. I believe Nugent threw the chair because he was frustrated at the team leaders who were pushing for a decision because it occurred following statements from the team leaders.

9. The leaders continued to ask for daily updates from Wayne and the executives and shortly thereafter, the team leaders were told that the Seacret transaction was going to go forward. I had heard that the executives in the corporate office were opposed to the transaction but ended up changing their minds, which made it possible to do the transaction. The next weekend, WorldVentures held an in-person event in Dallas and officially announced the move to Seacret. Approximately three hundred people attended the event and we went over the plan for moving to Seacret.

10. I believe that the Seacret deal was necessary to preserve the downline of the representatives. If WorldVentures had not partnered with Seacret, then there would be no company left because the leaders were prepared to leave WorldVentures. The leaders and the representatives had not been paid in months and would have left WorldVentures. Also, Head was instrumental in

convincing the team leaders to stay with WorldVentures while the negotiations were continuing. Without Head's leadership, the team leaders would have left WorldVentures, In addition, I and other team leaders encouraged the representatives to continue to pay their membership in WorldVentures even after joining Seacret.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on this 23 day of March, 2021.



Byron Schrag